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## Indonesia

## Retail Food Sector

## Report

## 2003

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**Report Highlights:**

Although the traditional sector still dominates the retail food business, Indonesia's retail industry continues to evolve away from the traditional market and modest kiosk network to modern hypermarkets and superstores. At a time when many segments of the economy have stagnated, the number of supermarkets continues to increase. Big retailers continue to expand and competition among the major retailers remains fierce. U.S. apples, grapes, meat products, and frozen potato products continue to enjoy a dominant position in Indonesia's retail outlets. Further growth and sophistication of the retail sector will create additional opportunities for U.S. exporters.

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Includes PSD Changes: No  
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[ID]

## ECONOMIC TRENDS AND OUTLOOK

In 2003, many components of Indonesia's macro-economy stabilized. The rupiah strengthened and has held firm, the local stock market has shown dramatic growth, inflation and interest rates have dropped below 10 percent, and for the third consecutive year, economic growth is expected to approach 4 percent. Based on these solid macro-economic fundamentals and relatively firm consumer demand, analysts predict that growth will top 4 percent in 2004. Nonetheless, growth of at least 6 percent is still required to absorb the large number of unemployed in Indonesia. An improved business environment, higher investment rates, further re-structuring in the banking sector, reform of legal institutions, and an environment of political stability are often cited as critical factors for ensuring continued future economic growth in Indonesia. A smooth and trouble-free 2004 election cycle, when a new parliament and president will be selected, will also be vital to Indonesia's medium-term economic prospects.

This nation of around 212 million people, the world's fourth most populous, has undergone a period of dramatic social, political, and economic transition since the 1998/99 regional financial crisis and the end of President Soeharto's more than three decade hold on power. As stated above, many institutions in Indonesia still need to be strengthened, but resilient consumer demand remains one of the bright spots of the economy. With such a large consumer base and the relatively benign macro-economic backdrop, prospects for continued expansion of the retail sector in 2004 and beyond remain promising.

### I. MARKET SUMMARY

#### Retail System

It is estimated that approximately 72 percent of total food expenditures occur in traditional markets, 3 percent in mini-markets, and the remaining 25 percent split roughly equal between super markets and hyper-markets. Although the traditional sector still dominates the retail food business, Indonesia's retail industry continues to evolve away from the traditional market and modest kiosk network to modern hypermarkets and superstores. As the table below shows, the number of supermarkets has increased about 20 percent in the last five years. This growth occurred at a time when many other segments of Indonesia's broader economy was stagnating. Big retailers continue to expand and competition among the major retailers remains fierce.

Type of outlet	Description	1997	1998	1999	2000	2001	2002
<b>Hypermarket</b>	Outlet	-	4	6	7	8	10
	Growth (%)	-	-	50	16.67	14.29	25
<b>Supermarket</b>	Outlet	1,084	1,102	1,173	1,210	1,255	1,297
	Growth (%)	-	1.66	6.44	3.15	3.72	3.40
<b>Convenience stores</b>	Outlet	579	645	725	821	920	1,035
	Growth (%)	-	11.40	12.40	13.24	12.06	12.50
<b>Independent grocers</b>	Outlet	6,300	6,610	7,030	7,500	8,037	8,720
	Growth (%)	-	4.92	6.35	6.69	7.16	8.50
<b>Co-operatives</b>	Outlet	52,206	59,441	89,939	103,077	119,120	136,035
	Growth (%)	-	13.86	51.31	14.61	15.56	14.20

- Source: Euromonitor

Modern retail stores (supermarkets and hypermarkets), offering a wide range of food and beverage products, are generally located as anchor stores in shopping centers. An increasing number of Indonesians are shopping at these stores, particularly affluent middle and upper income groups. These retail stores generally also contain in-store bakeries, café/food service area, and prepared meals. In addition, mini-markets and other shops, which carry a small range of convenience food items, are found throughout Indonesia's major urban centers.

Despite the growth in the modern retail sector, the majority of Indonesians continue to shop at traditional stores conveniently located to their homes or places of work. These stores sell the commonly demanded food and beverage products, which are familiar to the majority of consumers.

The table below gives an indication of the food sector's contribution to national retail sales.

Outlet type	Contribution percentage to national retail sales (IDR value) (April to March period)			
	1999-2000	2000-2001	2001-2002	2002-2003
Supermarket/hypermarket	16.7	20.5	20.2	21.1
Minimarket	3.5	4.6	4.9	5.1
Total	20.2	25.1	25.1	26.2

Source: A.C. Nielsen

USDmillion	2000	2001	2002	2005 (predicted)
Total retail Sales	2,800	3,502	3,852	8,400
Generated by Local Retailers	2,059	2,575	2,833	-
Generated by Foreign Retailers	741	927	1,019	-

Source: Castle Asia

### **Sales of Imported Food**

Total food product imports for 2002 were US\$ 3.3 billion, up from US\$ 2.9 billion in 2001. Almost 30% of those products were imported as Processed Food and Beverages, while the rest were ingredients (including rice and wheat) used by food processors. Consumption of imported processed food and beverages has risen to close to pre-crisis levels of 1997.

### **Market Overview**

Growth in the number of large modern retail stores, such as supermarkets and hypermarkets, is expected to continue. This growth is being driven mostly by strong domestic consumption, which remains one of the only engines of overall economic growth in Indonesia.

This growth, driven largely by foreign retailers, has led to fierce competition in the retail sector. Retailers continue to plan to expand. While there have been some local calls for limitations on expansion of large retail outlets, location and size of new establishments

remains largely unregulated. As a result, many large retailers are strategically located in the heart of Indonesia's big cities and compete directly with smaller retailers.

Products which have achieved significant growth in annual sales include the following: infant milk formula (53%), cheese (51%), energy drinks (50%), snack foods (45%), liquid milk (40%), chocolate (39%), baby foods (35%), health foods (35%), sweetened condensed Milk (35%), and biscuits (28%).

In terms of negative factors affecting the retail market, in 2003 hikes in electricity, fuel, and telephone charges lessened retailers' profit margins, thereby somewhat curbing the drive for expansion. In addition, specialty stores that carry a high percentage of imported items continue to face burdensome registration requirements for imported food products, limiting possibilities for test marketing new products. Furthermore, non-transparent and unpredictable customs clearance procedures, besides being costly and administratively cumbersome, create problems when products of limited shelf-life are held at port. Finally, recent terrorist events, and predictions for additional occurrences, have led to a reduction in the number of western expatriates, who had been key customers for many of the specialty retail outlets. However, this has occurred in conjunction with an increase in the proportion of Japanese and Korean customers, who are increasingly buying imported U.S. food products.

### **Consumer Purchasing Habits**

Consumer-purchasing patterns changed dramatically following the 1998/99 economic crisis and continue to evolve. The following generalizations can be made about current consumer behavior:

- purchasing more staple foods, rather than luxury items, and minimizing impulse buying.
- extremely price conscious in their purchases and exhibiting less store and brand loyalty.
- shopping more frequently for food and buying smaller quantities per shopping trip.
- shifting purchases of some staple items to traditional outlets and shopping more frequently at discount venues in the modern sector.
- eating out less often and, instead, shopping in supermarkets to eat at home.
- buying smaller package sizes and placing less value on the quality and appearance of packaging.
- buying local rather than imported products when satisfactory local substitutes are available.
- consuming more fresh food items.
- less nutrition-conscious.
- Increased preference for shopping at the supermarket/modern outlet rather than at wet markets due to more comfortable shopping space, more complete range of goods, guaranteed quality of products (food safety and cleanliness), competitive price, good service, and easier accessibility.

These generalizations hold less for consumers in higher income levels. For example, expatriate and high-income Indonesian consumers continue to look for branded and imported products (as well as gourmet and fancy food) regardless of the high rupiah-based price of these items.

Consumers purchase a broad variety of food products from supermarkets, with meat and fish and staple food the top categories. The table below present the profile of food and non-food products sold in the typical supermarket:

Product category	Percentage
Meat and fresh fish	15
Staple food	14.7
Beverage	10.6
Vegetable and fresh fruit	10.5
Dry food	8.8
Milk and processed milk	7.0
Chocolate & candy	3.6
Can food	2.8
Seasoning	1.7
Non food	25.3

In response to evolving consumer preferences, distributors and retailers have altered marketing practices. Packaging sizes have been reduced to lower the prices, and more generic brands (especially for staple foods such as rice and sugar) have been introduced. In addition, promotional campaigns are more aggressive, with store fliers, seasonal discounts, in-store activities, and advertising more prevalent.

### **Future Trends**

The recently-developed patterns of consumer behavior described above are expected to continue. Consumers are adjusting to paying higher prices for imported and local food products, but will remain very selective in their product purchases and will be looking for good quality products at low prices. Promotion will be important as consumers will be more fickle and impressionable, and there will be opportunities to replace traditional brands. Value-for-money will remain important to consumers, but they will also be looking for greater variety in retailers' assortments. Brand names should eventually again become important to consumers and new product introductions will increase. Interest in nutritional characteristics of food should continue to grow. Offering additional services, which is already a relatively common practice, will become even more widespread. These services include, acceptance of credit/debit cards, ATM services, flower departments, laundry counters, food courts, bakery corners, home delivery, and cook service. Money-back or other guarantees are also expected to become more common.

<b>OPPORTUNITIES FOR U.S. PRODUCTS IN INDONESIA</b>	
1	Large Consumer Base: Indonesia has a population of over 212 million people, with an estimated 15 percent or about 32 million people in the upper and middle income groups.
2	The distribution system is improving, increasing access to the major islands and cities.
3	The availability of imported products will be expanded by the rapid growth of the modern supermarket sector and western restaurant chains.
4	Many Indonesian consumers like the image associated with American products, as well as the taste (quality reputation is well known).
5	Low Duties: Duties on most food are 5% or less.

6	More urban women entering the workforce with less time available for shopping and cooking; thus, focus is increasingly on convenience.
7	Indonesia has a well-developed tourism industry with many hotel chains and restaurants purchasing imported products through local agents/importers.
8	Indonesia is rich in natural resources, with multinational companies involved in the development of oil & gas, mining, and lumber. Some of the well-developed sites have commissary & catering services with significant demand for imported products.

<b><i>CHALLENGES FACING</i></b>	
<b>U.S. PRODUCTS IN INDONESIA</b>	
1	A degree of uncertainty will prevail in the political situation until after general elections in 2004; this uncertainty could effect consumer demand.
2	Import financing remains a constraint.
3	Prices of imported products are relatively high.
4	New-to-market U.S. products are not well-known to the majority of consumers.
5	Non-transparent and unpredictable customs clearance procedures exist.
6	Products must be certified "halal" for broad acceptance.
7	Shipments to Indonesia need a shelf life of at least 6 months, may require refrigerated transport and storage, and incur high transport costs.
8	Infrastructure, including ports and cold storage facilities outside of the main island of Java are poorly developed.
9	Sites tend to be in remote areas where transportation and lack of infrastructure presents barriers to cost-efficient distribution of imported food products.
10	Third-country competition remains strong, especially from Australia, New Zealand, Europe, Malaysia, the Philippines, Thailand and China.
11	U.S. freight costs are higher relative to competing suppliers.

### **Labeling**

Requirements for labeling of food products (primarily applicable to packaged food for retail sale) are broad in scope. Changes resulting from the Food Act 1996, and the Consumer protection Act 1999 went into effect in 2000. The newly introduced labeling regulations state that labels must be written in the Indonesian language and require GMO labeling. However, these regulations are loosely enforced at best, at the GMO labeling requirement is not yet enforced at all.

All imported processed food products must be registered with the National Agency of Drug & Food Control (BPOM) before clearance through Customs. The process for registration of food is complex, often non-transparent and time consuming due to the detailed requirement of

supporting documents and should be carried out before shipping. This will require exporters to establish close business relationships with local importers/agents.

### **Duties and taxes**

Although import duties applied on most of food and agricultural products are 5% or less, imported products are also assessed a VAT of 10 percent, and a luxury tax which varies according to the product category.

## **II. ROAD MAP FOR MARKET ENTRY**

### **Entry Strategy**

The best way to penetrate the Indonesian market is to appoint an agent. In general, the volume of imported product sales is small. An agent is needed to assure the widest distribution for your products as well as to undertake the marketing efforts necessary to create awareness for your products among consumers.

In some situations, it may make sense to sell your product directly to supermarkets and/or to appoint them as the exclusive distributors. This is primarily the case when your product is a gourmet, upscale product and not likely to generate sufficient volume to interest an agent in bringing in container loads. Nevertheless, your initial sales efforts to Indonesia should include both visits with potential agents as well as with key retailers.

### **Distribution System**

Due to the widespread and diverse nature of the country, involving hundreds of islands, this system is complex. In many cases, the infrastructure is insufficient, especially outside big cities and Java island. The ability to move frozen and refrigerated products is limited. There are several national distributors, generally subsidiaries of consumer goods/foods manufactures, who serve the whole country, and numerous agents/distributors with a more local reach. There are hundreds of wholesalers and millions of retailers.



Inadequate port facilities are often cited as the single largest constraint in the distribution system. Shallow drafts that only allow small ships, inadequate loading and unloading facilities, and frequent congestion are some of the problems associated with the ports. Also cited by distribution firms are unreliable shipping schedules and inadequate number of small ships serving Eastern Indonesia, particularly during bad weather periods, which result in frequent shortages and leads firms to hold higher than desired inventories.

### **Distribution System for Imported Products**

Imported products often move to a distributor or agent, who in turn, sells directly to modern retail outlets. Delivery of the products may be direct to stores or to the warehousing facilities of the retailer. Only a few retailers buy directly from foreign suppliers and assume responsibility for the logistics function.

Most imported products are sold to the modern sector, including hypermarkets, supermarkets, wholesaler/retailers, convenience stores, mini-markets, etc. Products that move to the traditional sector face a more extensive distribution process. There are about 10 major cities that serve as distribution hubs in Indonesia. Generally, products move to the warehousing facilities of distributors in these hubs, then to sub-distributors and wholesalers for delivery to retailers.

### **Trends in Distribution**

The modern retail sector is expanding rapidly, but the traditional sector is expected to continue to dominate the distribution system for the foreseeable future. As indicated earlier, still about 72 percent of purchases are made in traditional markets.

Distribution channels will shorten. Large retailers will increasingly import (particularly produce) directly from foreign exporters, or supplied directly by local manufacturer and the assisted group of local farmer. They will put in place central warehousing and distribution systems in the big cities, utilizing modern technology and equipment. They will open more outlets in cities outside of Jakarta to make these systems efficient. Adequate infrastructure is a major problem on other islands. For example, a period of 2 weeks often lapses between order placement and delivery and losses due to security problems are high.

Comparable changes will occur in the traditional sector. National distributors are setting up central distribution systems to expand direct delivery to traditional market outlets. More direct delivery by manufacturers to traditional retail outlets is anticipated.

The success of large retailer/wholesalers and hypermarkets in offering Indonesian consumers a wide variety of products at lower prices will stimulate growth. More middle and low-income consumers are beginning to shop in these outlets. Increasing competition will force existing supermarkets and other modern retailers to increase the focus and sophistication of their marketing efforts as well as the efficiency of the store operation.

The number of mini-markets and other small stores is also predicted to grow. The greatest expansion is anticipated on the islands of Java and Bali. More mini-markets are expected to open in residential areas and cities outside of Jakarta.

### **A. Supermarkets, Hypermarkets, and Warehouse Outlets**

This segment is the most likely to purchase imported products. According to several importers and distributors, between 5-30 percent (60 percent for specialty stores) of the food items that are sold by these outlets are imported. In the near future, smaller quantities of imported products are expected to be sold, but a greater variety of brands and items.

Most supermarkets, hypermarkets, and warehouse outlets buy most of their imported products from distributors or agents. Some are importing direct from foreign suppliers, particularly perishable products and products for specialty store.

<b>Retailer Name &amp; Market Type</b>	<b>No. of Outlets in 2003</b>	<b>Locations</b>
Alfa-supermarket (PT Alfa Retailindo Tbk*)	32	Jakarta, Java, Bali, Medan, Lampung, Makassar
Alfa Grosir (PT Alfa Retailindo Tbk**)	8	Java, Bali
Carrefour - hypermarket (PT Contimas Utama Indonesia)	11	Jakarta, Bandung
Club Store - hypermarket (PT Mutiara Ritelinti Wira)	3	Jakarta, Medan
Club Grosir wholesale (PT Mutiara Ritelinti Wira)	2	Jakarta
Cosmo Japanese Food Center - supermarket* (PT Eka Upaya)	2	Jakarta, Surabaya
Borma Pasar Swalayan	11	Bandung
D'Best – supermarket	4	Jakarta, Makassar
Gelael – supermarket	11	Jakarta, Jawa, Bali, Sumatera, Sulawesi, Batam
Giant – hypermarket (PT Hero Supermarket Tbk**)	6	Jakarta, Tangerang, Bekasi, Cimanggis, Bandung, Surabaya
Hero (supermarket), included Top's outlet which was acquired May 2003	97	Jakarta, Java, Bali, Lombok, Sumatera, Kalimantan, Sulawesi, Papua Barat
Goro - wholesale (PT Goro Batara Sakti)	5	Jakarta, Solo, Makassar
Hari-hari Pasar Swalayan (PT Sinar Sahabat Inti Makmur)	5	Jakarta
Indo Grosir – wholesale (PT Indomarco Prismatama)	6	Jakarta, Bandung, Yogyakarta, Surabaya
Kem Chicks –supermarket * (PT Boga Catur Rata)	1	Jakarta
Makro – wholesale (PT Makro Indonesia)	13	Jakarta, Surabaya, Medan, Bandung, Bali, Semarang, Solo, Makassar
Matahari – supermarket (PT Matahari Putra Prima Tbk**)	51	Jakarta, Java, Bali, Sumatera, Kalimantan, Sulawesi, and Ambon

Market Place – supermarket (PT Matahari Putra Prima Tbk**)	4	Jakarta, Tangerang, Makassar
Metro – supermarket (PT Metro Supermarket Realty, Tbk**)	2	Jakarta
Naga Pasar Swalayan	7	Jakarta, Bekasi, Depok
Nina Fair Price –supermarket (PT Sekar Sentosa Lestarijaya)	5	Surabaya
Papaya – supermarket * (PT Victory Retailindo)	3	Surabaya, Jakarta
Pantry - supermarket (PT Nara Jaya Mandiri)	5	Jakarta
Ramayana -supermarket (PT Ramayana Lestari Sentosa, Tbk**)	70	Jakarta, Java, Bali, Batam, Sumatera, Kalimantan, Nusatenggara Timur
99 Ranch Market -supermarket* (PT Supra Boga Lestari)	3	Jakarta
Setiabudhi -supermarket*	1	Bandung
Sinar – supermarket (PT Alika Eka Putera)	5	Surabaya
Sogo - supermarket (PT Panen Lestari Internusa)	4	Jakarta, Surabaya
Super Indo – supermarket (PT Lion Superindo)	37	Jakarta, Bogor, Tangerang, Banten, Bekasi, Bandung, Surabaya, Palembang, Yogyakarta
Tiara Dewata	3	Bali
Tragia (supermarket)	5	Bali
Yogya (supermarket)	39	Jakarta, West Java
Caswell's Mom's *	1	Jakarta
Dijon Food Specialities*	1	Bali
Gourmet Garage *	1	Bali

\* specialty store

\*\* Tbk: means public listed

**B. Mini-markets and Convenience Stores**

Mini-markets are rapidly growing in popularity. This is especially true in the cities outside of Jakarta. Mini-markets are essentially upgraded traditional "mom and pop" stores. They carry essential staple goods, some frozen items, and fresh fruits. Low price is one of their selling points. Many mini-markets are located in housing estates and residential areas. Most chains of mini-markets have their own distribution facilities. Central purchasing takes place from importers or distributors and items are delivered to a central warehouse or directly to stores.

<b>Retailer Name &amp; Market Type</b>	<b>No. of Outlets In 2003</b>	<b>Locations</b>
Alfa Minimarket (PT Sumber Alfaria Trijaya)	570	Jakarta, Java
AM/PM (convenience) (PT Sinar Sahabat)	27	Jakarta
Circle K (convenience) (PT Circle K Indonesia)	63	Jakarta, Bogor, Bandung, Bali, Yogyakarta
7 Eleven (PT Suryamas Cahaya Lestari)	6	Bandung
Indomaret (mini-market) (PT Indomarc Prismatic)	800	Jakarta, Java
Markaz Waserda (PT Solar Sentra Distribusi)	17	Java
Star Mart – mini market (PT Hero Supermarket TbkO)	39	Jakarta, Bogor, Bali
Gos'mart (PT Goro Batara Sakti)	9	Jakarta
Tragia Minimarket	1	Bali
Local mini market	A lot	All over Indonesia

**C. Traditional Sector**

As indicated earlier, the traditional sector continues to dominate Indonesian food retailing. This sector includes small "mom and pop" provision shops, some of which are in markets. Distribution channels are long and complex. Little imported product is carried by these outlets except for fresh fruit and beef offal. An estimated 60% of imported fresh fruit goes through traditional markets. US apple (red delicious) is the most important, followed by oranges from China and US table grapes. Meanwhile, an estimated 80 percent of beef offals are distributed in the traditional markets. Offals are source almost exclusively from Australia and the United States.

### **III. COMPETITION**

#### **Local companies with a strong position in the food and beverage market**

The local industry dominates the markets for wheat flour based food products (noodles and baked goods), snacks, poultry products, processed dairy products, canned fish, beverages (soft drinks, beer), tropical fruit & vegetables, and fresh sea food.

While businesses operating in the fresh produce segments compete on being able to supply competitively priced locally grown products, the processed food and beverage businesses compete in markets where brands are important. There are several multinational companies in this sector, including: Unilever, Nestle, Kraft, Danone, Cadbury, Heinz, Campbells, and Nabisco.

#### **Competition in the import market**

Primary competing suppliers include Australia, China, Japan, France, Holland, South Africa, Korea, India, Malaysia, Thailand, and Taiwan.

**Please see the Appendix A.**

### **IV. BEST PRODUCT PROSPECTS**

Most U.S. food items have sales potential in Indonesia. This is especially true of those for which no local substitutes are available. The best opportunities exist in modern retail outlets in the major cities on Java such as Jakarta, Bandung, Surabaya, and Denpasar, Bali (for tourism consumption), and Sumatra. Significant potential also exists in areas where oil, coal and mining companies with a high concentration of expatriates are located, such as Balikpapan, Lombok & Sumbawa, and Pekanbaru.

The willingness of a supermarket to stock a particular U.S. food will depend largely on its customer base. In most large cities, there is at least one supermarket that serves the American and other expatriate community. This supermarket will buy products that may be unfamiliar in use and taste to typical Indonesians, such as pickles, olives, and condiments. In general, the biggest opportunities exist for good quality, middle or low price range items with well-known brand names.

#### **A. Products Present in the Market which have Good Sales Potential**

Of U.S. products that are already present in the Indonesian market in significant quantities, fresh fruit continues to have the best sales prospects. This is especially true of the hardier fruits, such as apples and grapes. The next most important U.S. sales item in the retail sector are beef offals, which are generally marketed in traditional outlets. Canned foods, such as vegetables and beans are also common. Some of the best selling processed foods include frozen french fries, frozen and canned vegetables, breakfast cereals, snack food/biscuit/crackers, popcorn, baby food, dressing, sauces & seasonings, cooking/salad oils, and beverage.

**B. Products Not Present in Substantial Quantities but which have Good Sales Potential**

There are also good opportunities for sales of other American high value items. Many of these are not yet in the market in significant quantities. These include frozen foods; such as pizza, frozen meat, delicatessen items (cream cheese), and juices.

**C. Products Not Present Because they Face Significant Barriers**

American products that have not sold well in Indonesia include seafood and dairy products. Retailers that serve the middle and lower income segment also reported difficulties in selling American spices, alcoholic beverages, pasta, olives, pickles, and mustards. Imports of U.S. chicken parts, which have great potential demand in Indonesia, are banned due to questions regarding halal certification.

**D. Recommendations**

It is a good time to enter the Indonesian market. The retail sector is growing rapidly despite the ongoing crises and competition remains limited. There are opportunities to develop a strong brand name and customer loyalty. However, it is important to have realistic expectations about market size. There is also a need to be flexible and make a long-term commitment to the market.

Other recommendations for selling to Indonesia are the following:

- It is essential to invest in promotion especially for new to market product sampling and to create awareness for your products. Your distributor should be provided with through training in product knowledge.
- Your product must be price competitive. Your agent should be given a reasonable price for your product to avoid undercutting by parallel importers.
- Be prepared to deal with small order quantities and, to the extent possible, be flexible with minimum quantities.
- Offer the market a range of products to give consumers a choice.
- Limit your sales efforts to products that have at least a 9 month shelf life and make sure that the items are clearly marked with expiry dates.
- Find out as much as possible about the market and culture.
- Work closely with your local agent on a win-win basis. Make sure that channels of distribution are closely supervised. To the extent possible, protect your agent against parallel imports.
- Singapore is a showcase and a trans-shipment point for the Southeast Asian region. Consequently, a presence there is important as well.
- Provide the complete documentation required to register the product (process ML number).
- Actively contact retailers directly, not only through importer or agent.

## **V. POST CONTACT AND FURTHER INFORMATION**

The U.S. Agricultural Trade Office in Jakarta maintains up to date information covering the food processing industry in Indonesia and would be pleased to assist in facilitating exports and entry to the Indonesia market. Questions or comments regarding this report should be directed to the U.S. ATO in Jakarta at the following address:

U.S. Commercial Center  
Wisma Metropolitan II, 3<sup>rd</sup> Floor  
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Tel: +62215262850  
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e-mail: [atojkt@cbn.net.id](mailto:atojkt@cbn.net.id)  
Homepage: <http://www.usembassyjakarta.org/fas>

Please contact our home page for more information on exporting U.S. food products to Indonesia, including "Hotel and Restaurant Industry: Bali"; "Market Brief-Imports of U.S. Fresh Fruit: Indonesia"; "Market Brief - Indonesian Wine Imports"; "Market Brief - Indonesian Bakery Industry"; Market Brief - Indonesian Beverage Industry"; "Market Brief - Indonesia Meat Processing Industry"; "Market Brief - Beef Liver & Chicken Leg Quarter"; "Market Brief - Furniture Industry"; " Product Brief – Popcorn "; "The Exporter Guide 2003", and "The Food Processing Sector Report: Indonesia".

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service's Home Page: <http://www.fas.usda.gov>

## **APPENDIX A: REVIEW OF COMPETITION FOR U.S. HIGH-VALUE PRODUCTS IN INDONESIA**

Best market prospects for imported U.S. food products and competing suppliers presence, as identified by the Agricultural Trade Office in Jakarta based on Indonesian Central Bureau Statistics data are as follows:

HS Code	Description	2000 (value USD)		2001 (value USD)		2002 (value USD)	
		World	US origin	World	US origin	World	US origin
0808	Apple, pears & quinces, fresh	64,144,492	21,900,314	73,295,303	25,220,211	108,514,279	31,881,174
0806	Grapes, Fresh or Dried	11,685,743	7,064,034	10,495,234	5,472,058	19,567,407	10,258,409
0206	Edible Offal of Bovine Animals, Swine, Sheep, Goats, Horses Etc, fresh, Chilled or Frozen	20,825,785	7,462,676	16,686,262	5,043,782	22,830,634	7,227,814
020621 only	Tongues of Bovine Animals, Edible, frozen	3,358	1,049	8,478	456	75,456	7,561
020622 only	Livers of Bovine Animals, Edible, frozen	14,877,612	6,694,084	9,140,681	3,898,843	8,173,639	3,486,152
0402	Milk and Cream, concentrated or containing added sweetening	186,096,719	5,385,713	240,505,492	27,606,331	167,160,281	5,433,934
0710	Vegetable (uncooked or Cooked by steam or boiling water), frozen	4,518,888	3,859,048	4,380,869	3,214,950	4,985,873	2,873,532
200410	Potatoes, Including French Fries, Prepared or Preserved Otherwise than by Vinegar or Acetic Acid, frozen	3,792,525	1,908,434	5,311,458	1,325,385	6,177,511	2,257,219

0202	Meat of Bovine Animals, frozen	39,575,322	1,333,263	22,791,617	1,324,041	17,864,262	1,228,480
0805	Citrus Fruit, Frsh or Dried	41,948,401	2,287,065	40,243,452	1,036,590	51,440,420	1,166,159
0306	Crustaceans, live, frsh, chilled, frzn etc; Crustaceans, in shell, cookd by stm or bolng watr; flours, meals, pellets of Crustaceans, hum consump	11,144,482	305,009	11,313,011	1,198,827	10,942,637	825,288
030623 only	Shrimps and Prawns, Live, Fresh, Chilled, Dried, Salted or in brine or cooked by steaming or boiling in water, not frozen	16,647	0	1,076	0	182,454	178,629
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sweetening or spirit, nesoi	3,870,146	547,028	2,714,293	619,697	5,795,050	779,661
0802	Nuts Nesoi Fresh or Dried	1,549,559	1,134,585	1,088,106	671,040	1,168,931	765,279
0406	Cheese & Curd	11,781,270	84,917	14,379,406	528,560	15,623,425	719,588
2103	Sauces and preparation therefore; mixed condiments and mix seasonings; mustard flour and meal and	7,543,617	833,817	6,609,724	679,409	10,817,273	638,122

	prepared mustard						
210320 only	Tomato ketchup and other tomato sauces	834,866	260,602	717,539	316,895	783,698	216,049
210390	Sauces and preparations therefore, nesoi; mixed condiments and mixed seasonings	5,332,601	509,726	4,554,403	322,405	7,776,757	379,189
2101	Extract, Essences & Concentrates of Coffee, Tea or Mate & preparation thereof; Roasted Chicory etc & Extract, Essences & Concentrates	1,049,632	204,916	2,345,645	626,396	1,954,202	599,163
1904	Prepared foods from swelling or roasting cereals or products; cereals (exc. Corn), in grain form flakes or worked grain prepared nesoi	6,085,644	640,420	5,038,002	500,552	5,404,919	592,981
1905	Bread, pastry, cakes, biscuits and other baker's wares; Communion wafers, empty capsules for medicine etc, sealing wafers, rice paper etc	6,213,858	119,523	5,334,177	95,049	6,098,544	354,221
190110	Food preparation for infant use, put up for retail sale, nesoi	1,604,605	117,830	2,031,550	161,125	14,365,464	271,172
2009	Fruit juices	4,523,449	255,304	4,728,805	402,577	4,315,024	267,757

	nt fortified W Vit or Minls (incl grape must) & vegetable juices, unfermented & nt containing add spirit, whet or nt containing added sweetng						
200290 110	Tomato puree, tomato paste in airtight containers	2,630,600	267,229	2,245,462	247,826	2,637,387	254,333
2104	Soups and broths and preparations therefor, homogenized composite food preparations	1,867,406	405,775	2,029,775	192,841	3,128,030	198,154
2007	Jams, fruit jellies, marmalades, fruit or nut pure and fruit or nut pastes, being cooked preparation, whether or not containing added sweetening	1,334,967	118,066	878,424	88,216	2,352,455	129,150
1602	Prepared or preserved meat, meat offal or blood, nesoi	2,120,911	92,463	1,298,685	166,152	1,892,234	111,618
0307	Molluscs & Oth aquatic invertebrata nesoi, live, frsh, chilld, frzn, dried, saltd or in brine; flours, meals & pellets of aqua inverteb hum consumptn	6,260,970	162,993	5,720,198	257,620	3,640,455	73,487

2203	Beer made from malt	207,295	34,304	95,904	18,901	320,200	70,690
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	2,054,796	108,191	1,787,853	56,311	1,822,823	58,211
2105	Ice cream and other edible ice, whther or not containing cocoa	1,549,208	603,453	1,624,380	1,298,610	2,231,255	58,087
1704	Sugar convectionary (including white chocolate), not containing cocoa	9,557,047	117,115	10,215,894	205,484	16,110,724	54,400
0302	Fish, fresh or chilled, excluding fish fillet and other fish meat whitout bones; fish livers and roes, fresh or chilled	1,129,578	12,623	1,191,142	55,234	1,457,472	41,332
2208	Ethyl alcohol, undenatured, of an alcoholic strength by volume of under 80% Vol; spirits, liqueurs and other spirituous beverages	615,939	14,447	379,910	687	460,482	38,419

Country of origin:

HS Code	Description	Major Suppliers (value USD)		
		2000	2001	2002
0808	Apple, pears & quinces, fresh	China (48%) US (34%) Others: Australia, France, New Zealand, Canada, South Korea	China (52%) US (34%) Others: Australia, France, New Zealand, Canada, South Korea	China (59%) US (29%) Others: Australia, France, New Zealand, Canada, South Korea
0806	Grapes, Fresh or Dried	US (60%) Australia (20%) Others: Chile	US (52%) Australia (34%) Others: Chile, South Africa	US (52%) Australia (35%) Others: China, South Africa
0206	Edible Offal of Bovine Animals, Swine, Sheep, Goats, Horses Etc, fresh, Chilled or Frozen	Australia (9%) US (36%) New Zealand (14%)	Australia (48%) US (30%) New Zealand (18%)	Australia (47%) US (32%) New Zealand (17%) Others: Canada
020621 only	Tongues of Bovine Animals, Edible, frozen	New Zealand (40%) US (31%) Australia (29%)	Argentina (52%) Australia (43%) US (5%)	Australia (90%) US (10%)
020622 only	Livers of Bovine Animals, Edible, frozen	US (45%) Australia (33%) New Zealand (12%) Ireland (9%)	US (43%) Australia (38%) New Zealand (15%)	Australia (43%) US (41%) New Zealand (14%)
0402	Milk and Cream, concentrated or containing added sweetening	Australia (13%) NZ (44%) Netherlands (9%) Philippines (7%) US (3%)	Australia (17%) NZ (36%) Netherlands (9%) Philippines (9%) US (11%)	Australia (28%) NZ (28%) Netherlands (14%) Philippines (9%) US (3%)
0710	Vegetable (uncooked or Cooked by steam or boiling water), frozen	US (85%) Australia (6%)	US (73%) Netherlands (10%) Australia (8%)	US (58%) Canada (10%) Singapore (9%) New Zealand (8%) Australia (5%) Netherlands (5%)
200410	Potatoes, Including French Fries, Prepared or Preserved Otherwise than by Vinegar or Acetic Acid, frozen	US (50%) Canada (38%)	US (25%) Canada (50%) Malaysia (16%)	US (37%) Canada (34%) Malaysia (22%)
0202	Meat of Bovine Animals, frozen	Australia (44%) Ireland (30%) New Zealand (21%) US (3%)	Australia (43%) New Zealand (30%) Ireland (20%) US (6%)	Australia (66%) New Zealand (27%) US (7%)
0805	Citrus Fruit, Fresh or Dried	China (49%) Pakistan (18%) Australia (15%) US (5%) Egypt (3%) Brazil (3%)	Pakistan (36%) China (35%) Australia (12%) Brazil (5%) Egypt (4%) US (3%)	China (41%) Pakistan (25%) Australia (13%) Brazil (8%) Egypt (3%) South Africa (3%) US (2%)
0306	Crustaceans, live, frsh, chilled, frzn etc;	Vietnam (20%) Singapore (17%)	India (21%) Singapore (13%)	Singapore (21%) China (19%)

	Crustaceans, in shell, cooked by steam or boiling water; flours, meals, pellets of Crustaceans, human consumption	India (17%) China (10%) Japan (5%) Malaysia (5%) US (3%)	Malaysia (11%) US (11%) Thailand (6%) Myanmar (5%)	Malaysia (12%) India (8%) Vietnam (8%) US (8%)
030623 only	Shrimps and Prawns, Live, Fresh, Chilled, Dried, Salted or in brine or cooked by steaming or boiling in water, not frozen	Japan (84%) Taiwan (16%)	Taiwan (74%) South Korea (17%) Japan (6%) US (3%)	US (98%) Norway (2%)
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sweetening or spirit, nesoi	Italy (26%) China (19%) US (14%) Thailand (12%) Singapore (8%)	China (24%) US (23%) Singapore (14%) Thailand (12%) Switzerland (7%)	China (32%) Malaysia (18%) US (13%) Thailand (13%) Singapore (6%)
0802	Nuts Nesoi Fresh or Dried	US (73%) Australia (15%) China (7%)	US (62%) Australia (18%) Thailand (5%)	US (65%) Australia (21%) China (6%)
0406	Cheese & Curd	Australia (62%) New Zealand (31%) Netherlands (3%)	Australia (57%) New Zealand (33%) US (4%)	Australia (59%) New Zealand (28%) US (5%)
2103	Sauces and preparation therefore; mixed condiments and mix seasonings; mustard flour and meal and prepared mustard	Japan (16%) Singapore (19%) Hongkong (14%) Malaysia (14%) US (11%) China (9%)	Japan (21%) Singapore (16%) Hongkong (15%) Malaysia (14%) US (10%) China (10%)	Japan (18%) Singapore (17%) Malaysia (13%) Hongkong (13%) China (9%) US (6%)
210320 only	Tomato ketchup and other tomato sauces	US (31%) Australia (35%) China (12%) Singapore (8%)	US (44%) Malaysia (22%) China (7%) Singapore (6%)	US (28%) Netherlands (10%) Singapore (10%) Japan (9%) Malaysia (9%) Italy (8%)
210390 only	Sauces and preparations therefore, nesoi; mixed condiments and mixed seasonings	Singapore (23%) Hongkong (20%) Malaysia (19%) Japan (13.5%) US (10%)	Japan (21%) Hongkong (21%) Singapore (21%) Malaysia (17%) US (7%)	Japan (18%) Malaysia (17%) Singapore (17%) Hongkong (17%) US (5%)
2101	Extract, Essences & Concentrates of Coffee, Tea or Mate & preparation thereof; Roasted Chicory etc & Extract, Essences & Concentrates	Malaysia (40%) US (20%) Brazil (14%) Netherlands (9%) Singapore (9%)	US (27%) Malaysia (21%) Indonesia (19%) China (9%) Netherlands (9%)	US (31%) Malaysia (22%) Brazil (12%) Columbia (7%) Netherlands (6%)
1904	Prepared foods from swelling or roasting cereals or products; cereals (exc. Corn), in grain form flakes or worked grain prepared nesoi	Malaysia (31%) Philippines (24%) Thailand (21%) US (11%) Australia (4%)	Philippines (61%) Thailand (12%) US (10%) Germany (4%) Australia (3%)	Philippines (52%) Thailand (12%) US (11%) Malaysia (7%)
1905	Bread, pastry, cakes, biscuits and other baker's	Malaysia (53%) Thailand (8%)	Malaysia (56%) Thailand (13%)	Malaysia (39%) Thailand (15%)

	wares; Communion wafers, empty capsules for medicine etc, sealing wafers, rice paper etc	Australia (8%) Italy (7%) China (7%) US (2%)	Australia (6%) China (5%) Singapore (4%) US (2%)	Italy (7%) Australia (6%) US (6%) Singapore (5%)
190110	Food preparation for infant use, put up for retail sale, nesoi	Philippines(59%) Denmark (17%) Netherlands (9%) US (7%)	Philippines(44%) Denmark (39%) US (8%) Netherlands (5%)	Singapore (40%) Malaysia (34%) Ireland (13%) Philippines(7%) Denmark (2%) US (2%)
2009	Fruit juices nt fortified W Vit or Minls (incl grape must) & vegetable juices, unfermented & nt containing add spirit, whet or nt containing added sweetng	Australia (33%) Brazil (19%) Austria (11%) US (6%) Malaysia (5%) China (4%)	Australia (40%) Brazil (13%) US (9%) Malaysia (7%) Austria (5%) China (4%)	Australia (44%) Malaysia (6%) US (6%) Brazil (6%) China (5%) Japan (4%)
200290110	Tomato puree, tomato paste in airtight containers	China (45%) Turkey (39%) US (10%)	China (74%) Turkey (13%) US (11%)	China (74%) Turkey (11%) US (10%)
2104	Soups and broths and preparations therefor', homogenized composite food preparations	Malaysia (29%) Japan (25%) US (22%) Thailand (8%)	Malaysia (38%) Japan (32%) US (10%) Thailand (9%)	Malaysia (62%) Japan (18%) US (6%) China (3%)
2007	Jams, fruit jellies, marmalades, fruit or nut pure and fruit or nut pastes, being cooked preparation, whether or not containing added sweetening	Thailand (30%) China (17%) Australia (14%) US (9%)	Australia (16%) Belgium (10%) US (10%) Netherlands (8%) Malaysia (7%) France (7%)	Brazil (28%) Austria (16%) Australia (12%) Taiwan (9%) US (6%) Belgium (4%)
1602	Prepared or preserved meat, meat offal or blood, nesoi	China (46%) France (41%) US (4%) Australia (3%)	China (58%) US (13%) France (11%) Australia (5%)	China (65%) France (11%) US (6%) Australia (6%)
0307	Molluscs & Oth aquatic invertebrata nesoi, live, frsh, childd, frzn, dried, saltd or in brine; flours, meals & pellets of aqua inverteb hum consumpnt	Taiwan (42%) South Korea (36%) China (8%) Malaysia (4%) US (3%)	Taiwan (35%) China (20%) South Korea (13%) Japan (11%) Singapore (9%) US (5%)	Taiwan (29%) SouthKorea(25%) China (18%) Japan (9%) India (6%) US (2%)
2203	Beer made from malt	Singapore (57%) US (17%) Australia (16%)	Singapore (39%) Australia (25%) US (20%)	Singapore (51%) US (22%) Mexico (9%) Canada (7%) Australia (6%)
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	Japan (20%) Vietnam (13%) Tanzania (7%) Kenya (7%) US (5%)	Japan (17%) Thailand (12%) Malaysia (8%) Singapore (8%) US (3%) Kenya (3%)	Malaysia (16%) Singapore (15%) Japan (14%) Norway (7%) Vietnam (4%) US (3%)
2105	Ice cream and other edible ice, whther or not containing cocoa	US (39%) Canada (20%) Australia (11%) France (8%)	US (80%) Australia (6%) Canada (3%) France (3%)	Canada (42%) Japan (30%) France (14%) Australia (4%)

		China (7%) Hongkong (7%)		US (3%) New Zealand 2%)
1704	Sugar convectionary (including white chocolate), not containing cocoa	Philippines(30%) Italy (16%) Malaysia (9%) Switzerland(7%) China (7%) Spain (6%) Thailand (5%) US (1%)	Philippines(27%) China (15%) Malaysia (10%) Italy (9%) Australia (8%) Switzerland(6%) UK (6%) Thailand (5%) US (2%)	China (54%) Philippines(15%) Switzerland (5%) Malaysia (4%) UK (4%) South Africa (3%)
0302	Fish, fresh or chilled, excluding fish fillet and other fish meat whitout bones; fish livers and roes, fresh or chilled	China (30%) Norway (27%) Malaysia (13%) Australia (13%) Taiwan (8%) US (1%)	Norway (26%) Japan (22%) Australia (19%) Malaysia (12%) China (10%) US (5%)	Norway (36%) Japan (26%) China (13%) Australia (10%) Malaysia (5%) US (3%)
2208	Ethyl alcohol, undenatured, of an alcoholic strength by volume of under 80% Vol; spirits, liqueurs and other spirituous beverages	Spain (52%) Singapore (10%) France (8%) Australia (8%) Germany (8%) UK (4%) US (2%)	Singapore (23%) Australia (21%) Japan (17%) Germany (10%) UK (8%) Netherlands (6%) Hungary (3%) Peru (3%)	Australia (25%) Singapore (22%) UK (17%) US (8%) Germany (8%) France (6%) Denmark (5%)

## **Apendix B: EUROMONITOR DEFINITION**

Hypermarket: A store with a retail sales area of over 2,500 sqm, with at least 35% of selling space devoted to non-foods. Frequently on out-of-town sites or as the anchor store in a shopping center

Supermarkets: A store with a selling area of between 400 and 2,500 sqm, selling at least 70% foodstuffs and everyday commodities. However, smaller (under 100 sqm) and larger (>2,500 sqm) supermarket stores which are common in some of the countries under review (Asian countries)

Convenience stores : Shop selling a wide range of goods with extended opening hours and fitting the following characteristics: Opening 7 days a week. Opening 9am or earlier on 6 or more days a week. Closing 8pm or later on 6 or more days of the week. Lunch closing no more than 1 day a week. Handling 2 or more of the following product categories: Pre-recorded videos (for sale or rent). Take-away food (ready made sandwiches, rolls or hot food). Newspapers or magazine. Cut flowers or pot plants. Greeting cards.

Independent grocers: A retailer owning and operating one or more (but fewer than ten) retail outlets, but not affiliated to any other business; mainly family business or partnership, where food accounts for at least 50% of total retail sales.

Co-operatives: Cooperatives are societies affiliated to the world wide federation of cooperative, founded in 1895 to promote fair trading. In each country where cooperatives function there are a number of societies controlling a series of retail outlets. Usually

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